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USDOC FOR 532/OEA/M. NICKSON-D/KGAINES/JAY HATFIELD
USDOC FOR 3131/USFCS/OIO/ANESA/KREISSL
USDOC FOR 4530/MAC/ANESA/OSA
ICE HQ FOR STRATEGIC INVESTIGATIONS
STATE FOR EB/ESP

E.O. 12958: N/A
TAGS: ETTC ETRD BEXP IN
SUBJECT: EXTRANCHECK: POST-SHIPMENT VERIFICATION: INDIAN AIRLINES LTD., NEW DELHI, LICENSE NO. D361205

REF: USDOC 07495

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

¶2. On November 19, 2007, Export Control Officer (ECO) Paul Cushman and BIS FSN Prem Narayan conducted a Post-shipment Verification (PSV) at Indian Airlines Ltd. (IA), New Delhi. Previously, in November 2005, BIS New Delhi conducted a favorable PSV at IA for export license D328264.

¶3. BIS requested a PSV at IA, a public sector company (PSU) under the Ministry of Civil Aviation, GOI. IA was listed as the ultimate consignee for two main power supply assemblies, both bearing serial number 2287 (ECCN: 7A103) and two gyro spare kits bearing serial numbers 090908A03 and 0540CA864 (ECCN: 7A002). The license applicant was Honeywell International Inc. (Honeywell), Phoenix, Arizona.

¶4. ECO and FSN Narayan met with K.A. Vasudevan (Vasudevan), Chief Manager (Engineering), R.K. Sharma (Sharma), Line Engineer and Sukumar Chandra Sardar (ATEC Shop), IA. Randhir Jaiswal (Jaiswal), Deputy Secretary (AMS), Ministry of External Affairs (MEA), facilitated the meeting. Jaiswal was also present at the meeting.

¶5. The meeting began in Vasudevan's office and then moved to the IA Testing Workshop where all Honeywell Air Data Inertial Reference Units (ADIRU) are tested. Sharma stated that prior to installing an ADIRU in an aircraft, it must be thoroughly tested. He stated that along with other components, a power supply and a gyro are integrated into an ADIRU. The ADIRU uses processors that receive input from gyros and accelerometers to provide altitude data to the pilot. IA officials stated that they have 156 ADIRU units, most of which are installed in their fleet of AIRBUS A320 aircraft (three per aircraft). The remaining fifteen serve as spares. Malfunctioning ADIRUs are either repaired in-house or sent to Honeywell repair facilities in Singapore or the United States.

¶6. Reftel listed serial numbers for the two gyro kits as 090908A03 and 0540CA865. Sharma stated that serial number 090908A03 is incorrect and should be reflected as 0532CA213. Sharma stated that the other serial number, 0540CA865, is correct. To support his contention, he produced a chain of documents including the IA Provisional Discrepancy Report Cum Purchase Order Change Notice reflecting the serial numbers as 0532CA213 and 0540CA865 with the Honeywell Invoice number as 10782863. This invoice number is reflected on all IA documents pertaining to the gyro kits shipment. In addition, he produced the IA Goods Receipt and Acceptance Note which also confirmed the serial numbers mentioned above. This invoice number matched the invoice submitted by Honeywell to

BIS/OEA. Lastly, Sharma provided copies of the Component Inspection Record, a computer-generated chronology confirming the locations of both gyros, IA Purchase Order and Honeywell Proforma Invoice. Honeywell provided the BIS export license conditions to IA on the Proforma Invoice.

¶7. Sharma stated that neither gyro kit was available for BIS inspection as both had been integrated into ADIRU units currently installed on operational aircraft.

¶8. Regarding the two Honeywell power supply assemblies, reftel provided the same serial number (2287) for both. Sharma pointed out that two power supply assemblies could not have the same serial number. He asserted that the serial numbers for these power supply assemblies are 2287 and 2289 respectively. A careful review of the Honeywell documentation submitted by BIS/OEA confirmed that the serial numbers are, in fact, 2287 and 2289. IA officials again provided substantial supporting documentation including IA Component Inspection Record and a computer-generated chronology. The chronology confirmed the location of one power supply assembly (2287) installed on an operational aircraft. However, information about the location of the other power supply assembly was missing. IA officials later informed BIS by email (via MEA) that the second power supply assembly (2289) had been transferred from IA Delhi to an IA warehouse in Hyderabad on October 9, 2007.

¶9. IA, established in 1953, is a GOI-owned national carrier for domestic travel. IA, together with its subsidiary, Alliance Air, has a fleet of 67 aircraft including 4 wide-body Airbus A-300s, 47 Airbus A-320s, 11 Boeing 737s, 2 Dornier D-228s and 4 ATR-42s. IA is the largest domestic airline in India serving 58 destinations. Approximately 7.5 million passengers travel on IA annually. IA employs approximately 19,300 personnel including 1,300 at Alliance Air, an airline servicing the Northeastern part of India. IA is currently being merged with Air India, the GOI-owned international

carrier.

¶10. Recommendation: Based on the interview of the above-mentioned Indian Airlines officials and a careful review of the supporting documents they provided, it appears that Indian Airlines is in possession of all items on check. Physical verification was not possible as three of the items on check were installed on operational aircraft and the remaining item had been transferred to IA's Hyderabad warehouse. Therefore, due to the lack of a physical inspection of these items, this Post-Shipment Verification for Indian Airlines remains inconclusive.
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